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## CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

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# INFORMATION REPORT

## REPORT

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COUNTRY East Germany

DATE DISTR. 23 July 1952

**SUBJECT** East German Railroad Procurement Procedures

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1. In placing orders for their priority requirements the DDR Reichsbahn is prepared to pay up to one-third of the purchase price in advance. The necessary funds are obtained first from the sales of East German dollar exports allocated to the railroads. When these prove insufficient, the Reichsbahn can draw on a special secret East German fund, administered by State Secretary of the DDR Ministry for Foreign Trade.
2. In placing orders, the Reichsbahn Administration at present emphasizes promptness of delivery rather than price. Richard Staimer, deputy director-general of the Reichsbahn, has instructed Hetz, the economic director, and Haas, head of the material supply department, to buy priority requirements "at any price".
3. Gemac Industries of Vaduz and Paris have contracted to supply the following priority requirements of the railroads:
  - 800 tons of 133 x 4 mm boiler pipes
  - 200 tons of 44 x 2.5 mm boiler pipes
  - 1,000 tons of SM 25 mm steel plates

Gemac has assumed responsibility for the shipment of these pipes and plates to Rostock. They form part of orders placed by the Reichsbahn on 15 March with a Berlin intermediary.

4. So far as these plates are concerned, the Reichsbahn has given the following further indications of its requirements: Where possible the plates should be 14.65 and 14.8 meters long and 250 mm wide. If, however, deliveries of shorter lengths can be effected earlier, then the Reichsbahn will accept such shorter lengths which, when welded together, would give the required total lengths of 14.65 and 14.8 meters. So far as the width is concerned, the Reichsbahn will also accept multiples of 250 mm up to 2,500 mm. It is essential that the quality be Siemens-Martin and not Thomas steel.

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